

## **FISCAL NOTE**

### **HB 3192 - SB 3584**

February 15, 2008

**SUMMARY OF BILL:** Requires that if either Memphis or Shelby County implements a payroll tax, property taxes must be reduced by at least 10 percent.

#### **ESTIMATED FISCAL IMPACT:**

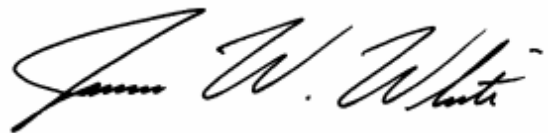
**Decrease Local Revenue -**  
**Net Impact - \$41,455,200/Permissive/Shelby County**

Assumptions:

- Shelby County will implement a payroll tax. Memphis will not implement a payroll tax.
- The payroll tax would be \$8 per worker per month, or \$96 per worker per year.
- The workforce would be 500,000. However, it is estimated that 50% of workers would be exempt from the tax because their earnings are below the annual median wage. The taxable workforce would be 250,000.
- The estimated increase in local revenue would be \$24,000,000 (250,000 x \$96 = \$24,000,000).
- According to the Comptroller, \$654,551,938 was collected in Shelby County property taxes for FY05-06. If property taxes were decreased by 10%, the estimated decrease in local revenue would be \$65,455,194.
- The net decrease in local revenue would be \$41,455,200 (\$65,455,194 - \$24,000,000 = \$41,455,194).

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/kmc